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MEMORANDUM

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FROM: Steven M. Olea
Director
Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: December 22, 2010

RE: IN THE MATTER OF THE APPLICATION OF LEGACY
TELECOMMUNICATIONS CORPORATION FOR APPROVAL TO CANCEL
THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY FOR
TELECOMMUNICATIONS SERVICES (DOCKET NO. T-03705A-08-0349)

Attached is the Staff Report of the above Application to cancel the Certificate of Convenience and Necessity ("CC&N") held by Legacy Telecommunications Corporation. Staff recommends cancellation of the CC&N.

SMO:JFB:kdh

Originator: John F. Bostwick

Attachment: Original and Thirteen

Arizona Corporation Commission

DOCKETED

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SERVICE LIST FOR: LEGACY TELECOMMUNICATIONS CORPORATION
DOCKET NO. T-03705A-08-0349

Patrick T. Sullivan
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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

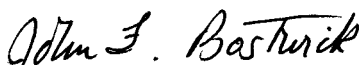
LEGACY TELECOMMUNICATIONS CORPORATION
DOCKET NO. T-03705A-08-0349

IN THE MATTER OF THE APPLICATION OF LEGACY TELECOMMUNICATIONS
CORPORATION FOR APPROVAL TO CANCEL THEIR CERTIFICATE OF
CONVENIENCE AND NECESSITY FOR TELECOMMUNICATIONS SERVICES

DECEMBER 22, 2010

STAFF ACKNOWLEDGMENT

The Staff Report for Legacy Telecommunications Corporation, Docket No. T-03705A-08-0349 was the responsibility of the Staff member listed below. John F. Bostwick was responsible for the review and analysis of Legacy Telecommunications Corporation's Application to cancel its Certificate of Convenience and Necessity.



John F. Bostwick
Administrative Services Officer II

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INTRODUCTION

On July 9, 2008, Legacy Telecommunications Corporation ("LTC") submitted an Application to cancel its Certificate of Convenience and Necessity ("CC&N"). LTC stated, in the Application, that it is not in business and ceased operations as of June 1, 2007. LTC further stated that all of the assets were sold and proceeds were used to pay its secured creditor.

The Application filed was deemed insufficient and Staff sent its First Set of Data Requests to LTC on July 22, 2008 by certified mail. LTC received Staff's data requests on August 4, 2008 as evidenced by the "green card" returned on August 12, 2008. LTC has not responded to Staff's First Set of Data Requests.

BACKGROUND

On October 8, 1999, in Decision No. 61988, LTC received authority to provide competitive intrastate toll services as a reseller in Arizona. LTC was not required to maintain an escrow account, performance bond or irrevocable sight draft Letter of Credit since it did not charge customers advances, deposits or prepayments.

STAFF'S ANALYSIS

In its Application, LTC stated that it is no longer in business and ceased operations on June 1, 2007. LTC further indicated that it sold its assets and used the proceeds to pay its only secured creditor, Frost National Bank.

Annual Reports to the Utilities Division of the Commission were filed by LTC from 1999 through 2006. A review of these annual reports indicate that LTC did not provide telecommunications services, did not receive revenue and did not have customers in Arizona.

On September 29, 2010, Staff contacted Patrick Sullivan, President of LTC, by telephone. Mr. Sullivan confirmed, during the telephone interview, that LTC never provided telecommunications services in Arizona, has no affiliated companies offering telecommunications services in Arizona, and that LTC only provides telecommunications services in Texas. Also, Mr. Sullivan stated that LTC does not have any employees, facilities, or assets in Arizona.

Since LTC never provided telecommunications services and never had customers in Arizona, LTC would not need to comply with the requirements listed in the Arizona Administrative Code ("A.A.C.") Rule R14-2-1107. A.A.C. R14-2-1107 applies only to carriers that have provided telecommunications services to customers in Arizona.

Consumer Services Section of the Utilities Division reports that there have been no complaints, inquiries, or opinions filed against LTC from January 1, 2006 through September 28,

2010. In addition, Consumer Services stated that the Corporations Division reports that LTC is not in good standing with the Commission because it did not file its 2008 Annual Report. LTC's authority to transact business in Arizona was revoked on July 2, 2008. According to the Compliance Section of the Utilities Division, LTC does not have any delinquencies or compliance requirements.

Since there are other carriers offering similar services as LTC, Staff believes that approval of LTC's request to discontinue service is in the public interest. LTC's request to cancel its CC&N to provide resold interexchange telecommunications services should be approved by the Commission.

RECOMMENDATIONS

Staff recommends approval of LTC's Application to cancel its CC&N to provide competitive intrastate toll telecommunications services. In addition, Staff recommends the cancellation of LTC's Arizona CC No. 1 tariff on file with the Commission.

Staff further recommends that the cancellation of LTC's CC&N and its filed tariff not become effective until a decision is issued by the Commission authorizing such cancellation. Upon cancellation of its CC&N, LTC will no longer be authorized to provide competitive intrastate toll services as a reseller in Arizona and therefore, will no longer be subject to the requirements of Decision No. 61988.